

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	CRIMINAL NO.
vs.)	
)	
SCOTT MAURICE ROSE,)	
)	
Defendant.)	

STIPULATION OF FACTS

The United States of America, by and through its attorneys, W. Charles Grace, United States Attorney for the Southern District of Illinois, and Hal Goldsmith, Assistant United States Attorney for said District, along with the defendant, Scott Maurice Rose (Rose), and his attorney Carmen Durso, enter into the following Stipulation of Facts consistent with Section 1B1.3 of the United States Sentencing Guidelines pertaining to the defendant's relevant conduct:

1. Jewish World News, Inc. (hereinafter referred to as "Jewish World News") was an Illinois corporation purportedly engaged in the business of printing and distributing a monthly newspaper known as The Jewish World, and, at a later date, The Jewish World Review (hereinafter collectively referred to as "the newspaper"). Jewish World News' principal place of business was #1 Woodland Court, Fairview Heights, Illinois 62208. On or about October 1, 1994, the corporate status of Jewish World News was dissolved upon order of the Secretary of State for the State of Illinois and, thereafter, Jewish World News operated as a sole proprietorship.

2. The defendant, Rose, was the owner, president, and sole proprietor of Jewish World News. Rose resided in close proximity to the Jewish World News offices, at 9098 Bunkum

Road, Fairview Heights, Illinois 62208. Rose had previously been employed by the Southern Jewish Weekly newspaper in Jacksonville, Florida. Beginning in or about May, 1991, Rose held himself out and represented himself as the publisher of Jewish World News. 3. Within the offices of Jewish World News, Rose set up a bank of telephones for use by telephone solicitors to sell advertisements in the newspaper. Rose set these telephones up so that each telephone solicitation call could be tape recorded for later review. Additionally, Rose set these telephones up so that he could monitor and listen into his salespersons' telephone calls as they were occurring.

4. From time to time Rose employed his wife, Sandra Rose, his brothers, Phillip Lyon, Brant Lyon, and Dale Lyon, his sister-in-law Kim Tillotson, and numerous other individuals at Jewish World News in various positions, including advertisement solicitation and bookkeeping. Rose personally hired, trained, and supervised the employees of Jewish World News including each of the telephone solicitors.

5. Rose provided these telephone solicitors with sales scripts, prepared at his direction to be used when soliciting businesses and merchants to place advertisements in the newspaper. These sales scripts included numerous false representations, including the representation that the solicited business or merchant had been referred to Jewish World News by a purported reader of the newspaper through a VIP referral section included within the newspaper. These sales scripts also falsely represented that the newspaper had a readership of approximately 45,000 people in the geographic region where the particular business or merchant was located, while serving from 14,000 to more than 27,000 Jewish families throughout that same geographic region. At Rose's

direction, the telephone solicitors employed by him at Jewish World News used these sales scripts when soliciting businesses and merchants to place advertisements in the newspaper.

6. With the knowledge and approval of Rose, several of the Jewish World News' telephone solicitors utilized false names when soliciting businesses and merchants to place advertisements in the newspaper. For example, defendant's brother, Dale Lyon, utilized the name Dale Horowitz, and employee Ty Parker utilized the name Fred Rosenberg.

7. The telephone solicitors employed by Rose at Jewish World News, falsely represented to businesses and merchants who were being solicited to place advertisements in the newspaper that the newspaper had monthly subscription numbers ranging from 45,000 to 348,000. Rose was well aware of his employees false representations in this regard as a result of providing his employees with sales scripts containing this information, as well as his monitoring of the employees' telephone solicitation calls and his periodic review of tape recordings of his employees' telephone solicitation calls.

8. Rose's employees at Jewish World News obtained their telephone solicitation leads from regional telephone books and advertisements placed by businesses and merchants in legitimate publications, such as B' Nai Brith Today, the St. Louis Jewish Light, and other regional and local newspapers. Rose personally obtained these telephone books and took out subscriptions to numerous legitimate publications for use by his telephone solicitors. At Rose's direction his employees falsely represented to the solicited businesses and merchants that the particular business or merchant had been referred to Jewish World News by a purported reader of the newspaper, and that only referred businesses and merchants were solicited to advertise in the newspaper.

9. Rose paid his telephone solicitors a straight commission based upon the total weekly dollar amount of advertisements he or she sold in order to provide them incentive to maximize their advertisement sales. Additionally, Rose gave each of his telephone solicitors wide discretion as to the amount he or she could charge a solicited business or merchant for an advertisement under an operating theory that they should "get what they can". Similar size advertisements in any one particular monthly issue of the newspaper ranged in price from \$150.00 to more than \$500.00.

10. Rose directed that confirmation letters and invoices be sent through the United States mails to solicited businesses and merchants over the signatures of fictitious employees, to-wit: David Steinberg and Roger Cohen.

11. When efforts to collect advertising fees from solicited businesses and merchants proved unsuccessful, Rose personally sent collection letters through the United States mails to the solicited businesses and merchants on letterhead containing the false and fictitious firm, Rosenblatt, Horowitz, & Goldman.

12. Rose contracted with legitimate newspaper publishers in the Southern Illinois region, including the Edwardsville, Illinois Intelligencer and the Breese, Illinois Journal, for the printing of a limited number of copies of the newspaper. Rose directed his employees to lay out the newspaper using articles obtained from various non-original sources, including the Jewish Telegraphic Agency, and the Jerusalem Post, among others. The newspaper contained minimal original content. The newspaper contained the advertisements solicited through the false representations of Rose and his employees from businesses and merchants located throughout the United States of America. Rose ordered only a sufficient number of copies of the newspaper to

provide tear sheets to advertisers and, from time to time, minimal additional distribution to certain Jewish synagogues and retail outlets throughout the United States. Beginning during on or about May, 1998 and continuing until on or about February, 2000, Rose ordered and received only from 400 to 500 monthly copies of the newspaper, despite false representations that the newspaper was distributed to from 45,000 to 348,000 subscribers monthly. In fact, Rose well knew that the newspaper never had any paid subscribers.

13. Rose directed his employees to send through the United States mails tear sheets to each of the advertising businesses and merchants in order to lull these merchants and businesses into believing that the newspaper was legitimate and was being distributed to thousands of readers throughout the United States of America as had been falsely represented to each business and merchant. A tear sheet simply consisted of the particular page of the newspaper which contained the advertisement for the business or merchant.

14. From time to time, Rose was questioned by one or more of his employees who were not fully aware of his scheme as to how the newspaper was distributed. Rose, in order to lull these employees, would falsely advise and/or confirm that the newspaper was distributed by the Breese, Illinois Journal, which he well knew was false.

15. Rose personally handled the receipt of all moneys and funds sent to the Jewish World News by businesses and merchants which placed advertisements with the Jewish World News based upon the false representations made to them by Rose and his employees. Rose maintained bank accounts at First Bank in Fairview Heights, Illinois and Associated Bank in Fairview Heights, Illinois. Rose deposited funds and moneys received from solicited businesses and merchants into these accounts. Rose used these moneys and funds for personal uses, and to

pay his hourly and commissioned employees. From time to time Jewish World News received merchandise in trade from businesses and merchants in exchange for advertising in the newspaper. Rose used this merchandise for personal purposes. For example, between 1995 and 2000, Rose received event tickets from the Kiel Center in St. Louis, Missouri valued at \$22,833.00 in trade for advertisements in the newspaper. Rose had similar trade agreements with numerous other businesses and merchants.

16. During 1996, Rose hired his brother, Dale Lyon, to work for Rose at Jewish World News as a telephone solicitor. Lyon used the name Dale Horowitz when soliciting businesses and merchants to place advertisements in the newspaper which Lyon well knew had minimal, if any, distribution. Lyon falsely represented to businesses and merchants throughout the United States of America that the newspaper had distribution in the hundreds of thousands. From 1996 through February, 2000, Lyon was Rose's top telephone solicitor, both in the number of advertisements he sold and in the dollar value of the advertisements sold. During in or about April, 1998, Lyon left Jewish World News and relocated to St. Charles, Missouri where he began a similar fraudulent operation which purportedly published a newspaper, the Jewish Review. During in or about June, 1998, Lyon and Rose agreed to become partners and, as a result, merged their fraudulent operations. Rose and Lyon shared the profits from this operation until February, 2000 when, as a result of pressure from federal law enforcement authorities, Rose ceased operations of Jewish World News.

Total Loss

17. The parties agree that defendant Rose's overall combined relevant conduct for sentencing purposes consists of the total amount of loss of between \$2,500,000.00 and \$5,000,000.00.

The Mailing

18. On or about December 21, 1999, within St. Clair County in the Southern District of Illinois, in furtherance of the foregoing scheme to defraud, Rose knowingly mailed, or caused to be mailed, through the United States mails, matter in the form of an invoice and an advertising tear sheet to a solicited advertiser, to-wit: Central West End Bank of St. Louis, Missouri, as set forth below:

DATE	FROM	TO
December 21, 1999	Jewish World Review #1 Woodland Court Fairview Heights, Illinois 62208	Central West End Bank 415 Debaliviere St. Louis, Missouri 63112

SO STIPULATED:

SCOTT MAURICE ROSE
Defendant

HAL GOLDSMITH
Assistant United States Attorney

CARMEN DURSO
Counsel for Defendant

DATED this _____ day of August, 2000.